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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCE IN CYPRUS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Peace-Keeping Force in Cyprus (UNFICYP) (A/48/846). The Advisory Committee met with representatives of the Secretary-General who provided additional information.

2. UNFICYP became operational on 27 March 1964. Since then the Security Council has extended the duration of the mandate of UNFICYP mainly for six-month periods. By resolution 839 (1993) of 11 June 1993, the Council extended the mandate of UNFICYP for the period from 16 June to 15 December 1993. In his report to the Council of 22 November 1993 (S/26777), the Secretary-General recommended that the Council extend the mandate of the Force for a further six-month period until 15 June 1994.

3. Paragraphs 1 to 19 of the report of the Secretary-General under consideration (A/48/846) elaborate, inter alia, on the mandate and activities of UNFICYP, the status of assessed and voluntary contributions, the financial administration, the status of reimbursement to troop-contributing States, the status of the special account established prior to 16 June 1993, the financial performance report for the period from 16 June to 15 December 1993 and the cost estimates for the periods from 16 December 1993 to 15 June 1994 and from 16 June to 15 December 1994.

4. The Advisory Committee recalls that the Government of Cyprus, by a letter dated 15 April 1993 to the Secretary-General (S/25647, annex), conveyed its offer to contribute, on a continuing basis, that is, for the period beginning 16 June 1993 and future periods, a voluntary contribution equal to one third of

the annual cost of UNFICYP. In a subsequent letter, dated 10 May 1993, the Government of Cyprus confirmed that its voluntary contribution for the 12-month period beginning 16 June 1993 would be increased to $18.5 million.

5. By a letter dated 7 May 1993, the Government of Greece informed the Secretary-General of its decision to increase its annual voluntary contribution to UNFICYP to $6.5 million, provided that there was a decision to convert the financing of UNFICYP to assessed contributions and that the structure and the strength of the Force, that is, at least six companies, remained unchanged. The Advisory Committee was informed that the Government of Switzerland had pledged an amount of SwF 1.5 million for 1994.

6. Since the period beginning 16 June 1993, the costs of UNFICYP that are not covered by voluntary contributions have been assessed on Member States.

Financial performance report for the period 16 June to 15 December 1993

7. As indicated in paragraph 11 of the report of the Secretary-General (A/48/846), total resources made available to UNFICYP for the period from 16 June to 15 December 1993 amount to $21,271,000 gross ($20,943,000 net), while total expenditures for the period were projected at the same level. Annexes I and II of the report provide details in this connection.

8. As indicated in annexes I and II, overruns in expenditure for the period are attributable mainly to civilian police costs ($75,000), international staff ($17,900), infrastructure repairs ($565,300) and helicopter operations ($516,200), offset by savings owing mainly to delayed deployment of military and civilian personnel and related costs.

9. With regard to overruns in expenditure for necessary infrastructure repairs, as stated in paragraph 11 of annex II of the report, prior to 16 June 1993 this work had been carried out by the United Kingdom of Great Britain and Northern Ireland at no cost to the United Nations. Similarly, with regard to helicopter operations, the Advisory Committee was informed that the increase in expenditure was due to the fact that UNFICYP was now being charged for these services, which had previously been provided free of charge by the United Kingdom Helicopter Flight Unit.

Cost estimates for the period 16 December 1993 to 15 June 1994

10. The Secretary-General estimates the cost of maintaining UNFICYP for the current mandate period of six months from 16 December 1993 to 15 June 1994 at $23,748,000 gross, inclusive of the amount of $6,365,300 gross authorized by the General Assembly in its decision 48/474 of 23 December 1993. Taking into account voluntary contributions of $12,500,000, the Secretary-General is proposing an appropriation of the amount of $11,248,000 gross and the apportionment thereof, for the period from 16 December 1993 to 15 June 1994.

11. The Advisory Committee was informed that the main reason for the increase in the budget estimates for the period was a reduction in services and support to be provided by the United Kingdom and the assumption of these responsibilities by UNFICYP itself. The Advisory Committee trusts that the

expenditures will level off once UNFICYP has found alternative and cost-effective means for obtaining the required services.

12. As stated in paragraph 2 of annex IV of the report, the cost estimate provides for 1,230 military personnel, consisting of 1,110 infantry and 120 logistical support personnel. In addition, there are 12 military observers and 35 civilian police personnel. As shown in annex III of the report, total costs pertaining to military personnel amount to $11,446,700 including $1,073,700 for emplacement, rotation and repatriation. The Advisory Committee reiterates its concern at the high costs relating to emplacement, rotation and repatriation of personnel, particularly in long-established missions. In view of this, the Advisory Committee recommends that the feasibility of longer periods between rotations be explored and discussed with troop contributors.

13. With regard to international civilian staff, as shown in annex VI of the report, the Secretary-General is proposing an increase of 3 posts in the Field Service category, for a total of 41 posts. As indicated in paragraph 21 of annex IV, these posts are intended to offset partially the reduction in personnel in the United Kingdom Support Regiment. The Advisory Committee recalls that in its report (A/47/1004, paras. 17 and 18) it had recommended against additional Field Service posts. However, in view of this explanation, the Advisory Committee does not object to the three additional Field Service posts at this time. In the same report (A/47/1004, para. 18) the Advisory Committee had recommended the combination of the functions of the existing P-5 spokesman and D-1 senior adviser posts; however, in view of the confidence-building measures and other efforts indicated in the report of the Secretary-General on his mission of good offices in Cyprus (S/1994/262), the Advisory Committee does not interpose any objection at this time to keeping two separate posts.

14. As indicated in paragraph 57 of annex IV of the report of the Secretary-General (A/48/846), provision has been made for the hiring of some 368 local civilian personnel at an estimated cost of $3,657,500. However, the Advisory Committee was informed that the required level of locally recruited staff would actually be 332, with estimated savings amounting to $603,900.

15. The Advisory Committee recalls that locally recruited personnel for UNFICYP have been obtained through contractual services from the United Kingdom Command Secretariat (A/47/1004, para. 16). The estimates include a 7 per cent administrative charge payable by UNFICYP. On inquiry as to the cost-effectiveness of this arrangement, the Advisory Committee was informed that, inclusive of the administrative charge, the services now being obtained by UNFICYP were more economical than they would be if UNFICYP were to hire local personnel directly. The Advisory Committee trusts that this exceptional arrangement will be monitored and will continue only as long as it is cost-effective for UNFICYP.

16. The Advisory Committee notes that the same provision as in the previous financial period has been made for the Special Representative of the Secretary-General, that is, for 50 work days at $568 per day, together with subsistence allowance at $204 per day for 50 days. On inquiry, the Committee was informed the Special Representative has a fixed-term appointment for one year on a "when

actually employed" basis at the Under-Secretary-General level with a salary of $148,296 gross; compensation for the Special Representative of the Secretary-General does not entail participation in the United Nations Joint Staff Pension Fund. The calculation of the daily salary is based on 21.75 working days per month or 261 days per year. The Advisory Committee was not convinced of the rationale for using the factor of 261 rather than 365; the Advisory Committee will revert to this and other related issues in the context of its examination of the report of the Secretary-General on special representatives, envoys and related positions (A/C.5/48/26).

17. The Advisory Committee notes from paragraphs 40 and 41 of annex IV of the report of the Secretary-General (A/48/846) that air operations continue to be provided by the United Kingdom Helicopter Flight Unit, with 3 Gazelle helicopters for reconnaissance purposes as well as for medical evacuations. A provision of $904,500 has been made for hire costs for a total of 540 flight hours at a rate of $1,675 per hour. The Advisory Committee recommends that the negotiations which are under way for obtaining these services at a lower rate be expeditiously concluded. Alternatively, arrangements for acquiring the services through competitive bidding should be made to obtain the helicopters at rates comparable to those for similar helicopters in other peace-keeping missions.

18. In view of the Advisory Committee's general observations and recommendations in the paragraphs above and specifically in paragraph 14, the Advisory Committee believes that the cost for the maintenance of UNFICYP for the period from 16 December 1993 to 15 June 1994 should not exceed $23,000,000 gross, inclusive of the amount of $6,365,300 gross authorized by the General Assembly in its decision 48/474 of 23 December 1993. Taking into account the voluntary contributions from Cyprus and Greece (see paras. 4, 5 and 10 above), the amount to be appropriated would be $10.5 million.

19. Taking into account the relatively stable nature of UNFICYP and subject to such decision as the Security Council may take on its renewal after 15 June 1994, the Advisory Committee recommends that the Secretary-General be given commitment authorization not exceeding $3.8 million gross per month for the period from 16 June 1994 to 15 December 1994 and that these amounts be assessed on Member States. The amount recommended takes into account the observations of the Advisory Committee with regard to the period from 16 December 1993 to 15 June 1994 as well as reductions in requirements under communications, other equipment and services shown in the estimates made by the Secretary-General for the period from 16 June to 15 December 1994.